

Finally, the significance of the figures would change substantially if "broadcast television advertising" did not by itself constitute a properly defined antitrust product market. It may be that, after consideration of more detailed evidence, the antitrust market would be found to include other services. Other services whose competitive importance might be considered would include advertising sold by cable networks and cable systems, radio stations, or even print media. To the extent that the market is found to be broader than broadcast television, concentration figures based solely on ADI viewer shares will be inaccurate.

Defining markets and measuring concentration are the first steps in the Merger Guidelines analysis. If properly measured concentration in properly defined markets exceeds the threshold levels, the Merger Guidelines call next for analysis of other market factors that pertain to competitive effects, that is, that might contribute to a lessening of competition through coordinated interaction.⁵⁸ Little can be said from direct

⁵⁷(...continued)
the HHI of less than 50 points are considered unlikely to raise significant competitive concerns. Id. Of course, the HHI increase could be substantially greater for the combination of a small station and a larger one. We do not know in how many markets there might be two or more very small stations whose combination would be unlikely to increase concentration significantly.

⁵⁸ Merger Guidelines, § 2. Antitrust analysis is also concerned about possible anticompetitive unilateral conduct. This discussion focuses on coordination, rather than unilateral conduct, because available information suggests that broadcasting is unlikely to be differentiated enough to implicate the Merger Guidelines analysis of conditions that give rise to concerns about unilateral conduct.

experience about how television station mergers might be related to the likelihood of anticompetitive coordinated interaction, because the contour overlap rule has prohibited such transactions. One study attempted to examine the relationship between television industry concentration (based on ADI data) and advertising prices,⁵⁹ and found no correlation between advertising prices and ADI concentration. These findings are consistent with the possibility described above, that television broadcasting in an ADI is not a well-defined antitrust market in the first place. But if a study based on well-defined product and geographic markets produced results like these, it would confirm why, under the Merger Guidelines approach, measuring concentration levels is only the first step in the analysis. The Merger Guidelines contemplate further examination of the characteristics of the market to identify and assess other factors affecting competition.

The next step in the Merger Guidelines analysis, if concentration increases and other characteristics of defined

⁵⁹ See Fournier and Martin, Does Government-Restricted Entry Produce Market Power?: New Evidence From the Market for Television Advertising, 14 Bell J. Econ. 44-56 (1983). Fournier and Martin examined the relationship between measures of market concentration and actual transaction prices for spot television advertising. According to estimates obtained by one statistical method, ordinary least squares, advertising prices were not related to some measures of concentration (e.g., the HHI), and were negatively related to others (e.g., the two-firm concentration ratio). According to estimates obtained using a preferred statistical method (two-stage least squares, to control for the possible endogeneity of market concentration), none of the measures of concentration exhibited a statistically significant relationship to price. Fournier and Martin defined each "market" as an Arbitron ADI.

antitrust markets imply that a combination is likely to reduce competition, is determining the likelihood of entry. The number of commercial television stations has increased by over 28 percent since 1985, nearly 55 percent since 1980 (from 734 in 1980 to 1,136 in 1992), and by over 100 percent since the rule was first adopted in 1964.⁶⁰ Whether there are enough unassigned broadcast frequencies to permit further entry by new stations, and if so, whether entry would be "timely, likely, and sufficient" to counteract potential competitive problems, cannot be determined. The answers to these questions would differ across geographic markets.⁶¹ To the extent that entry would be "timely, likely, and sufficient," the competitive concerns surrounding a television station merger would be substantially diminished, even in a market where post-merger concentration would be high.

Next, the Merger Guidelines analysis assesses merger-specific efficiencies. (In the case-by-case Merger Guidelines analysis, the parties must demonstrate these efficiencies, and show that they cannot reasonably be achieved except through the merger.) Here again, there is no direct evidence about efficiencies from the merger of nearby television stations,

⁶⁰ See FCC Staff "Television Overview," supra note 39, attachment 1.

⁶¹ It may be that the regulatory process governing broadcast licenses, as currently applied, would delay all entry beyond the point that antitrust analysis would consider sufficiently "timely." If so, a response suggested by a competition policy perspective would be to modify the regulatory process so as to speed the rate at which new licenses can be issued.

because the rules have prohibited such transactions. As we described in § IV, supra, however, research has suggested that there are efficiencies associated with common ownership of local radio stations. There may be similar efficiencies that could be realized through joint ownership of local television stations.

The final step is assessing the possibility that the merger will prevent the imminent failure of one of the merging parties. That will of course depend on the details of particular parties' situations.

Overall, our analysis suggests that there may be potential transactions now barred by the contour-overlap rule that might be viewed as competitively unobjectionable when judged by the standards of the Merger Guidelines. Unless potential efficiencies from such transactions are small, or the cost of a different regulatory approach is too high, it appears consistent with a competition policy analysis of the issue to relax the television "duopoly" rule.

One way to relax the rule is to change the standards of the existing rules to permit some common ownership of nearby television stations. The proposals⁶² include changing the signal contour used for determining prohibited overlaps from the Grade B to the Grade A; allowing combinations involving only UHF stations; and allowing combinations where a certain minimum number of independent stations would remain after the combination. Each of these approaches offers the advantage of

⁶² NPRM (¶¶ 17-20).

low enforcement costs, but they entail two risks: first, that potentially efficient combinations could still be thwarted, and second, that potentially troublesome combinations could be permitted.

As an alternative,⁶³ the FCC might consider adopting a case-by-case approach, combined with a "safe harbor" for transactions that satisfy certain market structure criteria. This approach would be similar to that embodied in the Merger Guidelines, and to what the FCC is proposing here for certain transactions subject to the radio-television cross-ownership rule.⁶⁴ In considering requests for waiver of the radio-television cross-ownership rule, the FCC takes into account the potential benefits of the combination, the types of stations involved, the number of stations already owned by the applicant, the financial difficulties of the station(s), and the competitive nature of the market.⁶⁵ Generally speaking, these are similar to the elements of the Merger Guidelines' analysis. The FCC may wish to consider whether it would be appropriate to apply these (or similar) criteria to television licensure issues.

⁶³ This alternative was not proposed in the NPRM.

⁶⁴ See § VII, infra.

⁶⁵ NPRM, ¶ 22.

2. Programming Variety

As in the Radio Rules and Policies rulemaking,⁶⁶ an important issue in this proceeding is the impact of common ownership on program (or format) variety.⁶⁷ Because television stations earn profits by selling time to advertisers, rather than by selling programming directly to viewers, the relationship among market structure, programming variety, and economic welfare is not simple. Unlike ordinary goods and services, which are sold to consumers at prices that reflect consumers' valuation of these goods, broadcasters provide programs to viewers free of charge. Broadcasters' costs are covered by selling air time to advertisers, who care principally about audience size.⁶⁸ Consequently, broadcasters' profit-maximizing programming choices will be determined by the ability to "sell" a large audience to an advertiser, rather than by the ability to sell a highly-valued program to an audience. Hence, the mix of programs that emerges under advertiser support may differ from that which would emerge

⁶⁶ Supra, note 8.

⁶⁷ As noted earlier (see note 2, supra), we address here the relationship between market structure and the degree of differentiation in types of programming offered, not issues relating to diversity in the range of editorial viewpoints offered.

⁶⁸ This is an oversimplification, since advertisers also care about audience demographics (See Setzer and Levy, "Broadcast Television in a Multichannel Marketplace," FCC Office of Plans and Policy Working Paper No. 26, June 1991, p. 117). To simplify the discussion, however, we will ignore this complication.

under a system of direct viewer payments.⁶⁹ The divergence would depend on, among other things, the structure of consumer preferences, whether or not channel capacity is limited, and the costs of producing different types of programming.

The advertiser-supported feature of the system makes it difficult to predict the relationship between market structure and program variety. It is possible, for example, to describe circumstances under which a monopolist provides a different variety of programs, and will provide more programs for viewers with specialized tastes, than would be provided in a competitively-structured market.⁷⁰ Competing stations might try

⁶⁹ See Spence and Bruce Owen, Television Programming, Monopolistic Competition, and Welfare, 91 Q. J. Econ. 103-26 (1977).

⁷⁰ See Steiner, Program Patterns and Preferences, and the Workability of Competition in Radio Broadcasting, 66 Q. J. Econ. 194-223 (1954), for examples. For monopoly to provide greater program variety than a competitive market, channel capacity must be limited. This result also requires specific assumptions about the distribution of consumer preferences and specific assumptions about whether viewers switch to a less preferred station when their first choice is unavailable, or, instead, choose to forgo viewing. Under this condition, monopoly variety could exceed the competitive variety because the monopolist would not have an incentive to provide duplicative programming on different stations, since this would simply shift viewers from one of its stations to another. Rather, the monopolist would offer different programs directed to different audiences (as long as each program offered positive profits). With competing stations, any given station might find that it can garner its largest audience by offering a program similar to that of its rival, rather than by offering a program that is attractive to another (but smaller) group. With limited frequency capacity, this could result in less program variety under competition than under monopoly, and the displacement of programming that caters to the tastes of smaller groups.

As noted earlier, there has been substantial growth in the number of broadcast television channels over time. Also, cable channel capacity has also increased substantially. Nevertheless,
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to reach the same core audience, leaving others unserved, while a single owner might try to program different stations to appeal to different audience segments in order to maximize its total audience size. This result, of monopoly producing more variety, is more likely, the greater the constraints on channel capacity. If there is excess capacity, then some program duplication is likely, because an entrant might still find it profit-maximizing to "steal" part of an incumbent's audience; however, complete displacement of specialized programming is unlikely, because specialized programming would be offered as long as some broadcaster could profit from it.

The possibility that monopoly could provide more variety than competition is only an illustration; theory does not establish which market structure would provide the greatest programming variety. It does demonstrate, however, that there is no theoretical presumption that maximizing the dispersion of station ownership will maximize program variety. Moreover, the illustration compares a monopoly market structure and a competitive structure. The NPRM does not propose, nor do we advocate, that the FCC encourage monopolization of local

⁷⁰(...continued)
it appears that total (cable plus broadcast) available channel capacity in the typical market will be exceeded by the number of available programming services, especially when cable programming services are taken into account. For example, according to the 1990 FCC Cable Report, in 1989 the number of domestic existing and proposed pay TV and satellite cable services was reportedly 181. In 1989, the average cable system had about 40 channels. Report in the Matter of Competition, Rate Deregulation and the Commission's Policies Relating to the Provision of Cable Television Service, MM Docket No. 89-600, July 31, 1990, ¶ 43 and Table 6.

television markets. Rather, under consideration is a modest relaxation of the regulations that now mandate ownership fragmentation. Economic theory provides no basis for concluding that consolidations that might follow this relaxation would reduce program variety.

Lastly, and perhaps most importantly, the models that underlie the discussion above ignore costs. In these models, the only constraint on adding formats (that is, stations) is frequency availability. In reality, of course, costs are a very important determinant of whether a service can be offered profitably. Costs may be much more important than frequency scarcity in determining program variety. If relaxation of the common ownership rules permits the attainment of greater efficiencies, and if the prospect of these efficiencies, in turn, encourages the construction of additional stations (or prevents the exit of otherwise unprofitable stations), it is likely that program variety will increase (or that the rate of decline will be reduced).

VI. National Ownership Limits

As an alternative to the current 12 station-25 percent reach limitation on the number of television stations that may be commonly owned, the NPRM suggests raising both the numerical limit and the national reach limit.⁷¹

⁷¹ NPRM, ¶ 12. The FCC offers two specific proposals: (1) increasing the numerical cap to 20 or 24 stations while increasing
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Conceptually, it does not appear that the proposed limits on national station ownership would address any well-defined concerns about the possible exercise of market power by broadcast television stations. Competition among television broadcasters, whether as competition for viewers or as competition in advertising markets, occurs principally on a local, rather than national, level. The local scope of competition suggests that an economic assessment of same-service combinations should examine their effects in local antitrust markets. A combination of stations that individually have modest shares of their respective local advertising markets could, because those markets are populous, exceed the national viewer "reach" threshold. It is unclear why formation of such a group would threaten competition in local television markets.

Moreover, as we observed in our Reply Comments to the Radio Rules and Policies NPRM, audience "reach" is conceptually different from audience share.⁷² The proposed threshold of 35 percent might raise antitrust concerns if it applied to shares of an antitrust market. A market of approximately three equal-sized

⁷¹(...continued)
the audience reach limit to 35 percent, or (2) increasing the numerical cap to 18 stations and the audience reach limit to 30 percent. It has also asked for comment on whether the numerical cap alone should be increased while retaining the 25 percent audience limit.

⁷² The national multiple ownership rule defines "national audience reach" as "the total number of television households in the Arbitron area-of-dominant-influence (ADI) markets in which the relevant stations are located, divided by the total national television households as measured by the ADI data." 47 C.F.R. § 73.3555 (d)(3)(i).

firms would exceed the "highly concentrated" concentration level, and an acquisition creating such a market structure would receive close scrutiny.⁷³ But audience reach and audience share are quite different concepts, so an audience reach of 35 percent would not necessarily correspond to an audience share of 35 percent. Depending on details of population distribution and spectrum allocation, it is conceivable that many more than four different ownership groups, perhaps even dozens of them, could be assembled that would each reach 35 percent of the national audience, even though concentration in separate local markets would remain low. What would happen in fact is unknown, but the audience reach proposal as drafted does not describe a situation that is readily understandable as raising a concern about competition or efficiency.

The local scope of competition among television stations also attenuates competitive concerns about creation of monopsony power in program acquisition if group ownership rules are relaxed. A program supplier looking for broadcast distribution in the New York and Los Angeles areas will care about the degree of competition to buy programs among stations within each of these two markets, not between New York buyers and Los Angeles buyers.⁷⁴ A unilateral attempt by a New York station to reduce

⁷³ Department of Justice and Federal Trade Commission Merger Guidelines, ¶ 1.51(c).

⁷⁴ We are thus assuming that geographic markets for sales of programming to individual stations are local. Even if this is incorrect, the level of concentration in a national market is far
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the price below the competitive level will be defeated if there are other competing bidders for the New York area rights to the program. Competition among New York area stations would be unaffected if the owner of one of them also owned a Los Angeles station. Further, any attempt by an owner of stations in each area to pay less than the competitive price for the rights in both areas combined would be defeated if competing sources of distribution services existed in each area.⁷⁵ Even if competing sources of distribution were lacking--for example, if the Los Angeles station did not face effective local competition--the degree of market power possessed would be unaffected by the fact of joint ownership with a station in another area.⁷⁶

⁷⁴(...continued)
too low to warrant the continued existence of the national multiple ownership rules in their current form. As noted earlier, the national HHI for the television industry ranges from 187 to 229, depending upon which measure of station output is employed. See "Television Overview," supra note 39, at p. 4.

⁷⁵ There is little empirical support for the proposition that group stations pay less than nongroup stations for programming. The FCC's Network Inquiry Special Staff Report analyzed the prices paid for programming by group and nongroup station owners. Controlling for other factors (including the degree of competition for programs), the staff found that the price paid per viewer-minute was higher, not lower, when the purchaser was owned by a large group. See Besen and Johnson, "Regulation of Media Ownership by the Federal Communications Commission," RAND Corporation Report No. R-3206-MF, December 1984, pp. 15-16.

⁷⁶ Besen and Johnson, supra note 75, at 18-19, provide a useful example to illustrate the theoretical principles that lead to these results. Consider a group owner, with stations in three separate television markets, bidding for a program to be shown in each market. Suppose this group owner is willing to pay up to \$100 in market 1, \$50 in market 2, and \$20 in market 3, while some rival station in each market would pay \$90, \$40, and \$30, respectively. If the program can be sold to the highest valued user in each
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Concern about local television stations' exercise of either monopoly power in advertising or monopsony power over programs is likely only in connection with joint ownership of *local* stations, the issues discussed in Section V, supra. Relaxing the national ownership limits would not appear to pose a threat to competition.

VII. The Television-Radio Cross-ownership Rule

The FCC's rules prohibit holding attributable ownership interests in both a radio station and a television station in the same market.⁷⁷ Since 1989, however, the FCC has entertained waivers of this rule for combinations in a top 25 television

⁷⁶(...continued)
market, the group owner would acquire the exhibition rights in markets 1 and 2 (paying slightly more than $\$90 + \$40 = \$130$), while a rival would acquire the rights for market 3 (paying slightly more than $\$20$). The program producer's revenues will be slightly more than $\$150$, the group owner's surplus will be just under $\$20$, and the rival station's surplus will be just under $\$10$. Total surplus will thus be just under $\$180$.

Suppose, instead, that the group owner tried to acquire the exhibition rights for all three markets, without outbidding its rivals in market 3. If the effort succeeded, the total surplus, to be divided between the producer and the group owner, would be $\$170$ ($= \$100 + \$50 + 20$). The group owner's surplus would be $\$170 - P$, where $\$P$ is the amount the group owner would pay. But the producer could now offer a deal that would increase total surplus and make everyone individually better off, including the group owner. The producer could buy back the rights to market 3 for $(\$20 + d)$ and sell them to a another station there for $(\$20 + e)$, where $e > d$. The group owner's surplus would increase by d , the rival station's surplus would increase by $\$10 - e$ ($= \$30 - [\$20 + e]$), the producer's surplus would increase by $e - d$, total surplus would increase by $\$10$, and allocative efficiency would be restored. The program would be allocated to its highest valued user in each market.

⁷⁷ Section 47 C.F.R. § 73.3555(b).

market, if 30 separately owned, operated, and controlled broadcast licensees would remain after the combination.⁷⁸ The FCC also considers requests for waivers if the request involves a "failed" station. Other requests for waivers are considered according to criteria such as potential benefits of the combination, the types of stations involved, and the competitive nature of the market.⁷⁹

From the perspective of competition policy, "cross-ownership" could cause problems if television and radio stations compete in the same antitrust market. But concentration in a market defined so broadly will often be far too low for combinations to raise substantial antitrust concerns. Even in small markets, audiences can receive many over-the-air television and radio signals. In our Reply Comments to the Radio Rules and Policies NPRM we observed that local radio ownership is typically not highly concentrated.⁸⁰ Only about 14 percent of radio

⁷⁸ According to the NPRM (§ 22), it is official FCC policy to "look favorably" upon waiver requests when these conditions are satisfied.

⁷⁹ See NPRM, § 22.

⁸⁰ The National Association of Broadcasters noted in its comments in the 1987 Radio Rules and Policies proceeding that in 47.9 percent of local broadcasting markets, Herfindahl-Hirschman indexes (HHIs) were below 1,000, based on a market definition that includes only AM and FM radio stations. Under the Department of Justice and Federal Trade Commission Merger Guidelines, such markets are considered "unconcentrated." In most other local markets (38.6 percent), the HHIs were between 1,000 and 1,800, a range of values that the Merger Guidelines consider "moderately concentrated". (See "An Updated Examination of Market Concentration in Radio Markets," filed as Appendix E to the 1987 Comments of the NAB.) The NAB also noted that a variety of other

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markets appear to be in the "highly concentrated" range (about 35 out of 259 markets). We have not estimated concentration statistics for combined "radio and television" markets, but we believe that concentration in combined markets may well be lower. Unless audiences are much larger and concentration much greater for television than for radio, concentration in combined markets would likely be lower than concentration calculated for "radio only" markets.⁸¹

One of the FCC's proposals is to codify the present top-25 market waiver criteria and extend their application to all markets where 30 independent voices would remain after the combination.⁸² In essence, the FCC would be creating a "safe harbor" for certain types of transactions. A "safe harbor" approach would resemble in principle the Merger Guidelines' approach. Under the government's merger enforcement standards, mergers in "unconcentrated" markets (where the post-merger HHI is below 1,000) are considered unlikely to have adverse competitive consequences and ordinarily do not require further analysis. This threshold applies to any antitrust market, regardless of absolute size.

⁸⁰(...continued)
media serve local markets, and that in many cases the number of such outlets is considerable. (See "An Analysis of Media Outlets by Market", filed as Appendix B to the Comments of the National Association of Broadcasters, MM No. 91-140, August 5, 1991.)

⁸¹ In addition, new station entry, where technically feasible and authorized, would also tend to constrain any attempted exercise of market power.

⁸² NPRM, ¶ 28.

As the FCC suggests, delineating appropriate "safe harbors" can produce social benefits. Enforcement resources can be concentrated where anticompetitive activities are most likely. Costs of compliance are reduced too, when regulated firms have clearer guidance on enforcement standards and procedures. Consequently, there is likely considerable merit in the FCC's proposal.

Recommending a regulatory "safe harbor" does not necessarily imply that all transactions failing the "safe harbor" criteria would be objectionable. For example, when enforcing the antitrust laws, the FTC and DOJ may decline to challenge mergers occurring in "moderately concentrated" markets (where the post-merger HHI is between 1,000 and 1,800) because further analysis reveals that the transaction would be unlikely to reduce competition. The same may be true for transactions involving television and radio stations. Accordingly, we suggest that the FCC continue to consider waiver applications even when the "safe harbor" conditions are not met. To the extent that the FCC is concerned about competitive problems from such combinations, we believe that the analytical framework outlined in the Merger Guidelines provides a useful method for identifying potentially troublesome transactions.

VIII. Conclusion

FCC rules ban holding attributable ownership interests in television stations whose signals overlap, limit the number and audience reach of commonly-owned non-overlapping television stations, and limit owning geographically proximate television and radio stations. From the perspective of competition policy, the blanket ban on local television multiple ownership and the restrictive policy towards radio-television cross-ownership could be appropriate if the net effect of such combinations was likely to be anticompetitive, and if the costs of case-by-case evaluation are likely to exceed the benefits from allowing those combinations having positive net effects. But applying the kind of analysis used in antitrust enforcement to the competition issues in local television and radio markets suggests there may be little basis for such a strong presumption that combinations in proximate locations would reduce programming variety or create market power in advertising markets. Moreover, it may be that combination could lead to substantial efficiencies, similar to those demonstrated in other broadcast situations. Thus, it may be appropriate, and consistent with the concerns of competition policy, to relax the current blanket prohibitions. The FCC might consider, in addition to the ways it has proposed to relax the existing rules, using more case-by-case analysis.

For similar reasons, competition policy would not bar relaxing the rules applying to television station ownership

nationwide.⁸³ Because television stations compete in local markets, the competitive effects of multiple station ownership are best understood by analyzing the impact of such ownership in individual markets. National ownership limits are unlikely to increase the variety of programming available to local viewers or to protect competition in advertising markets. But the limits may prevent firms from realizing certain efficiencies that derive from owning more than one station.

⁸³ We reiterate that this reply comment has addressed issues relating to economic efficiency, competition, and the enforcement of the antitrust laws. It has not addressed other issues, such as the relationship between diversity of ownership and diversity of editorial viewpoint, that may be important to the FCC.

Appendix

To examine the impact of cable television on broadcast stations' audience shares, we constructed a data set consisting of the following variables:

1. $SHARE_i$ = sum of audience shares of broadcast stations in ADI i in the 9:00 a.m to midnight time slot. The audience share of each station is the percentage of households using television tuned to that station.
2. $CABLE_i$ = percentage of homes passed by cable in ADI i .
3. HUT_i = percentage of television households using television in ADI i during 9:00 a.m - midnight time slot.
4. $NUMSTA_i$ = number of broadcast television stations in ADI i .
5. $RPCINC_i$ = real per capita income in ADI i .
6. $RLPCSL_i$ = real per capita retail sales in ADI i .
7. POP_HH_i = average number of persons per household in ADI i .

Each of these variables was created for 1988 and 1984 for each of the 212 Arbitron ADIs. We then pooled the data⁸⁴ for both years (thus creating a data set of 424 observations on 7 variables), and regressed $SHARE$ on the remaining variables. To control the possibility of heteroskedastic disturbances, we employed weighted least squares (using the number of households

⁸⁴ We conducted a Chow test to assess whether the parameter restrictions implied by this pooling were valid. The results of this test led us to accept the null hypothesis that the restrictions held.

in each ADI as the weight).⁸⁵ We obtained the following results:

Source	SS	df	MS	Number of obs =	424
-----+-----				F(6, 417) =	132.09
Model	44600.8195	6	7433.46992	Prob > F	= 0.0000
Residual	23467.2177	417	56.2763014	R-square	= 0.6552
-----+-----				Adj R-square	= 0.6503
Total	68068.0372	423	160.917346	Root MSE	= 7.5018

share	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
-----+-----						
cable	-.501528	.0354684	-14.140	0.000	-.5712473	-.4318088
hut	.3342305	.1061153	3.150	0.002	.1256427	.5428183
numsta	1.77509	.2082829	8.522	0.000	1.365674	2.184506
rpcinc	.7589181	.3347069	2.267	0.024	.1009945	1.416842
rlpcsl	-2.550595	.8090818	-3.152	0.002	-4.140984	-.9602065
pop_hh	-7.496724	3.372552	-2.223	0.027	-14.12605	-.867395
_cons	104.2831	11.10654	9.389	0.000	82.45127	126.1149

The results of this regression suggest that, holding other factors constant, each one percentage point increase in the number of homes passed by cable in an ADI is associated with a half-percentage point decrease in the aggregate audience share of the broadcast stations located in that ADI.⁸⁶ We can reject the

⁸⁵ The ordinary least squares parameter estimates were quite similar to those obtained using weighted least squares.

⁸⁶ The sample correlation coefficient between CABLE and SHARE is -0.64.

hypothesis of no relationship between the two variables at the one percent level of statistical significance.⁸⁷

⁸⁷ If SHARE is also a determinant of CABLE, then this ordinary least squares coefficient might fail to estimate consistently the true relationship between CABLE and SHARE. To obtain a statistically consistent parameter estimate under such a circumstance would require one to find some statistically predetermined factor that influences CABLE, but not SHARE. It seems likely, however, that any factor that influences CABLE will also influence SHARE.